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Iran probe shines into dark corners

Was US intelligence lax - or worse?

By Gary Thatcher

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Four words have started a furor in the United States intelligence community: "a number of intercepts."

They suggest that US eavesdroppers learned about the Iran arms scandal long before it became public. That raises some tough questions for US intelligence agencies. What did they know? When did they know it? And what did they do about it?

Those who have held senior US intelligence posts say the phrase - uttered by Attorney General Edwin Meese - refers to intercepted communications signals concerning arms sales to Iran. Mr. Meese said they led to the disclosure that proceeds from the sales had been diverted to Nicaragua's contra rebels.

The existence of such "intercepts" places US intelligence agencies on the horns of the same dilemma that's bedeviling senior officials of the Reagan White House: If they didn't know about US arms shipments to Iran and the diversion of profits to Nicaraguan rebels, why didn't they? And if they did, what did they do with the information?

Accordingly, the Central Intelligence Agency took the unusual step this week of issuing a public statement, denying that funds from bank accounts it controlled were diverted to the Nicaraguan contras "or any other covert action programs."

The Senate Intelligence Committee is now conducting closed-door hearings, touching upon the possible mishandling of intelligence data or, at worst, the deliberate withholding of vital information. As the probing gets deeper, intelligence agencies are declining to answer specific questions about what they knew and when.

"Virtually the entire government is enjoined from talking about this," says the spokesman for one agency.

And that, according to former CIA Director Stansfield Turner, might only heighten concern.

"I'm getting very worried about the secrecy that's going to envelop the independent counsel, and the leaks we're getting," he said. "It's going to get very confusing."

"They [intelligence agencies] must have known," one

former senior Pentagon official says flatly. "And if they didn't, then they certainly should have."

So far, only a single US intelligence agency - the Central Intelligence Agency - has been tied to the arms sales. Administration officials have acknowledged that the CIA handled funds raised from the arms sales and channeled money back to the Defense Department as payment for the American weapons supplied to Iran.

Yet it is believed that at least one other US agency possessed information about the arms sales to Iran - the secretive National Security Agency, which routinely intercepts and decodes messages, phone calls, and electronic transmissions. The NSA is believed to be the source of the "intercepts" to which Meese referred. It is unknown whether the intercepts concerned only the arms sales, the diversion of funds to the contras, or both.

Normally, information culled from the intercepts would have been passed on to at least four other agencies - the CIA, the NSC, the Defense Intelligence Agency, and the State Department's Bureau of Intelligence and Research. Assuming the information was passed on, analysts at those other agencies could have raised questions about the arms transfers - questions that might have prevented improprieties.

There are a number of explanations for what happened next and why senior administration officials could have been unaware of the arms shipments.

One is that NSA did not "screen" the intercepted communications data so as to reveal their full import. That is, NSA could have programmed its computers to scan the intercepts for words that related to other topics - planning terrorist incidents, for example - but not directly to arms sales. Only later, one expert theorizes, was the material rescreened and its full import realized.

Another possibility is that analysts did discover that clandestine arms shipments to Iran were under way, and that millions of dollars were changing hands - but that in a region riddled with intrigue, they may not have fully appreciated the significance of that information.

Yet another is that intelligence officials did piece together the fact that arms shipments from the US and Israel were taking place but concluded that the operation was politically sensitive and decided not to reveal it to other responsible officials or agencies.

"That," one expert notes, "is not an intelligence officer's job." There is another possibility, according to another expert: the data were used deliberately to mislead responsible officials, and divert attention away from the clandestine operations being conducted by an NSC staff member, Lt. Col. Oliver North. But, he says, there is so far no indication this has happened.

"This all should have come to light a long time ago," says another expert on intelligence matters. "Or perhaps it did come to light - and was buried."



LARS-ERIK NELSON

Right man for the right job

WASHINGTON—If President Reagan had a magic lamp, he could not have conjured up a better genie than Frank Carlucci, the man he named yesterday to be his new national security adviser.

In one stroke, Reagan solves the key problems that were threatening to blight his presidency: He fills the void at the National Security Council, and he trims the power of the increasingly arrogant and independent princes of his administration—chief of staff Donald Regan, CIA Director William Casey, Defense Secretary Caspar Weinberger and Secretary of State Shultz.

Start with the NSC. Reagan has replaced an ineffective and inexperienced national security adviser, John Poindexter, with a tough professional who knows how to protect his country, his boss and himself. Poindexter created the greatest crisis of the Reagan presidency by never inquiring into—and never reporting to the President—the full details of Lt. Col. Oliver North's secret cash flow from Iran to the Nicaraguan Contras.

"If anybody tries those tricks on Carlucci's watch, he'll throw them out of a window," says Robert Hunter, an NSC veteran of the Carter administration. "If he has to, he'll crack heads."

On to State. After the befuddled

summit at Reykjavik and the fiasco of Iran, Reagan bounces back by keeping firm control of foreign affairs at the White House. For a moment, Secretary of State Shultz appeared to be off and running with his own foreign policy. Carlucci, a career Foreign Service officer, has more foreign experience than Shultz and most of his staff—and he will be at the President's side.

On to Defense. With Carlucci in the White House, Reagan sets the stage for a more rational and successful defense buildup. For the past six years, Defense Secretary Weinberger has repeatedly gone to Congress with unrealistic requests for more money—and then let Congress cut both the funds and the defense programs higgledy-piggledy, with no coherent strategy.

Carlucci, who was Weinberger's deputy at the Pentagon from 1981 to 1983, favors a defense buildup, but he told senators at his confirmation hearings in 1981 that there was no way the Pentagon could "spend every dollar some people want to spend on defense." Look for a more rational approach.

On to the CIA. Reagan now has an experienced and skeptical adviser to deflect madcap schemes for covert operations like the Iranian arms sale. As deputy CIA director during the Carter years, Carlucci ran "one of the

riskiest covert actions we undertook," former CIA director Stansfield Turner said yesterday. "But both he and I resisted covert operations that were not founded on our basic foreign policy interests."

Finally, into the center of power at the White House, where Don Regan has taken charge of virtually all operations, foreign and domestic. Carlucci will not report to Reagan through Regan. And he's not going to get bullied, shouted down, shot down or ground down in intramural squabbles.

How tough is Frank Carlucci? He was stabbed in the back in a brawl in the Congo in 1960 as he saved a Navy driver from an infuriated mob. As a 44-year-old ambassador to Lisbon in 1974, he defied then-Secretary of State Henry Kissinger and persuaded him to defeat communism in Portugal by backing a moderate Socialist government.

In addition, says Stansfield Turner, Carlucci "is a man of impeccable integrity, an excellent conciliator and very sensitive toward the workings of Congress."

Those are all his good qualities. Now for his drawbacks. How does a man of Carlucci's experience support Reagan's far-fetched plan for a leakproof shield against nuclear missiles? How does a Carlucci advise the President when he dreams that democracy can be restored to Nicaragua by giving just another \$100 million to Comandante Yahoo and the Manana Liberation Army?

Tough days are ahead for America, the President and for Frank Carlucci. He's a good man for tough days.

New Security Adviser Has Wide Experience

Carlucci Held Diplomatic, Intelligence Jobs

By Don Oberdorfer
Washington Post Staff Writer

President Reagan's new national security adviser, Frank C. Carlucci, brings to the job unusually close relations with Cabinet members in the foreign affairs field and extensive experience in senior diplomatic, military and intelligence posts for Democratic and Republican administrations alike.

Carlucci is a longtime close associate of Defense Secretary Caspar W. Weinberger, having served as deputy director of the Office of Management and Budget and undersecretary of health, education and welfare (HEW) under Weinberger in the Nixon administration and, at Weinberger's insistence, as his deputy secretary for the first two years of the Reagan administration.

A former U.S. ambassador to Portugal who began his long and varied government service as a career Foreign Service officer 30 years ago, Carlucci also has been on good terms with Secretary of State George P. Shultz, who recruited him to lead a study on U.S. foreign aid in 1983 after Carlucci left the Pentagon.

Shultz has put out feelers to recruit Carlucci for senior full-time diplomatic jobs in recent months to no avail, according to State Department insiders.

Carlucci, a deputy director of central intelligence in the Carter administration, is intimately familiar with intelligence operations and is reported to be highly acceptable to William J. Casey, director of the Central Intelligence Agency.

At age 56, Carlucci has had more experience across a broader spectrum of top government jobs than almost anyone on the Washington scene. In addition to being a career diplomat and ambassador and holding the No. 2 jobs at the OMB, HEW, CIA and Defense Department, he was director of operations and eventually chief of the Office of Economic Opportunity, the domestic poverty program, under President Richard M. Nixon.

Carlucci has been less successful

in business as president and chief operating officer for the last three years of Sears World Trade Inc., an international business subsidiary of Sears Roebuck & Co. The subsidiary is being folded into other Sears operations next month after losing \$60 million, but "it was not because of him [Carlucci]," said a Sears official who declined to be quoted by name. "The deck was stacked against him to begin with. And the timing [of the trading venture] was atrocious—the world trade climate was anything but propitious."

A senior State Department official said Carlucci's toughness, extensive experience and good relations with top officials throughout government have given rise to optimism that he will bring about a sweeping reorganization of the National Security Council.

Even before recent disclosures concerning Iran and the Nicaraguan counterrevolutionaries, or contras, many officials at the State Department and other agencies had said they considered Reagan's NSC staff a notably weak link in policy-making and coordination.

A White House official said Carlucci will report to work around the first of the year. He reportedly will spend the intervening weeks settling his private financial affairs and studying NSC activities and personnel.

"This is a superb appointment, the best Reagan has made in six years," said retired admiral Stansfield Turner, whom Carlucci served as deputy CIA director in the Carter administration.

Turner said that Carlucci is "a man of integrity, which is essential in this trying situation," and that, as his deputy at the CIA, Carlucci was skilled at management and at hammering out solutions among officials with differing views.

"He sponsored a number of covert operations" at the CIA, Turner said. "I put him in charge of one of the most daring ones, and he took it over and traveled abroad." Turner would not elaborate on the operation.

While testifying before the Senate Armed Services Committee in January 1981 on his nomination to be deputy secretary of defense, Carlucci said that "my own philosophy is that we all have to compromise. That's what it's all about."

After all the pulling and hauling within government, Carlucci continued, the key question becomes, "Can I live with that decision? In three instances I had prepared to resign. The decisions did not go against me, so I didn't resign." He did not elaborate, and no senator asked what the decisions were.

One question already being raised in some quarters on Capitol Hill concerns Carlucci's relationship with retired Air Force major general Richard V. Secord, believed to have played a key role in guiding the secret contra air resupply operation. As deputy secretary of defense, Carlucci had overall responsibility for the work of Secord, who was several layers down as deputy assistant secretary for the Middle East.

At one point Secord was investigated in connection with charges of massive financial abuses against a transportation firm involved in Egyptian-U.S. military aid programs, according to "Manhunt," a recent book by Peter Maas.

Secord, Maas wrote, "was removed from his key position in the sale of arms to the Middle East, pending a polygraph. But he never took the test. Instead, without any prior notification to the Justice Department, he was abruptly reinstated" by Carlucci.

Francis B. West, Secord's immediate superior at the time as assistant secretary of defense, said he, rather than Carlucci, reinstated Secord after discussions with the Pentagon's general counsel, William H. Taft IV (now deputy secretary of defense), and with the office of the U.S. attorney investigating the case. No charges were brought against Secord, who later won \$1 million damages in a libel suit against one of his accusers.

At the Pentagon, Carlucci was known as an enthusiastic advocate of polygraph tests. After the leak of secret Pentagon budget data to The Washington Post in early 1982, an angry Carlucci ordered a full-scale investigation, including polygraphs of service secretaries, the chairman of the Joint Chiefs of Staff and other top officials—and took a polygraph himself to set an example.

His view of polygraphs is in sharp contradiction to that of Shultz, who opposes their widespread use and who threatened a year ago to resign if required to submit to such a test.

At the Pentagon and the CIA, Carlucci was noted for his strong opposition to leaks of classified security information. In 1979 he advocated removal of the CIA from

key provisions of the Freedom of Information Act on grounds that confidential sources feared exposure. One of his first acts on becoming assistant secretary of defense in 1981 was to warn Pentagon employees about leaks.

A short, wiry man who was on the wrestling team at Princeton University, Carlucci has been known for his willingness to face imposing obstacles and danger. As a junior Foreign Service officer in the Congo (now Zaire), Carlucci waded into a mob threatening a group of people and was stabbed while executing the rescue. He won a State Department award for bravery.

In a renowned incident at the White House several years later, Congolese Prime Minister Cyrille Adoula—who had come to know and trust Carlucci as the local embodiment of the United States—was visibly uncomfortable, peering from person to person in the State Dining Room while visiting President John F. Kennedy.

Adoula asked Kennedy urgently "*Ou est Carlucci?*" (Where is Carlucci?) The president, on learning who was Carlucci, sent for the then-Congo desk officer of the State Department—and other presidents have been doing so ever since.

As a Foreign Service officer, Carlucci served in South Africa, the Congo, Zanzibar and Brazil. While political counselor in Rio, he was known for helping engineer drastic cuts in the size of the embassy staff.

Carlucci has been acquainted with Reagan since the two clashed in 1969 over a California legal assistance agency; Carlucci was an official of the poverty agency and Reagan was governor. Lengthy negotiations that also involved Edwin Meese III, then an aide to Reagan and now attorney general, resolved the dispute. That Christmas, Carlucci later recalled, Reagan sent him a bottle of brandy with a note of thanks.

Staff writers Joe Pichirallo and Caroline Mayer contributed to this report.

FRANK CHARLES CARLUCCI



BORN: Oct. 18, 1930, Scranton, Pa.

FAMILY: Married Marcia Myers, April 15, 1976. Children: Karen, Frank, Kristin.

EDUCATION: A.B., Princeton University, 1952; postgraduate, School of Business Administration, Harvard University, 1956; Wilkes College, Kings College, 1973.

PROFESSIONAL HISTORY: Jantzen Co. in Portland, Ore., 1955-1956; Foreign Service officer, State

Department, 1956; vice consul, economic officer in Johannesburg, 1957-1959; second secretary political officer in Kinshasa, Congo, 1960-1962; officer in charge of Congolese political affairs, 1962-1964; consul general in Zanzibar, 1964-1965; political affairs counselor in Rio de Janeiro, 1965-1969; assistant director for operations, Office of Economic Opportunity, 1969, and director, 1970; associate director, Office of Management and Budget, 1971, and deputy director, 1972; undersecretary of Health, Education and Welfare, 1972-1974; ambassador to Portugal, 1975-1978; deputy director, Central Intelligence Agency, 1978-1981; deputy secretary, Defense Department, 1981-1982; Sears World Trade Inc., 1983-1986.